

Message Text

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ORIGIN OPIC-06

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OPIC/FD:GWILLIAMS
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-----250516Z 032727 /17
R 250025Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY BANGKOK

UNCLAS STATE 120191

FROM OPIC

E.O. 11652: N/A

TAGS: EINV

SUBJECT: THAILAND AGRIBUSINESS OPPORTUNITIES
REF: BANGKOK 9183

1. OPIC HAS REVIEWED THE DRAFT PROPOSED STUDIES TAKEN BY CHEMONICS UNDER CONTRACT WITH GOT BOARD OF INVESTMENT. THIS DONE IN CONSULTATION WITH AID AND STATE AND IN LIGHT U.S. FOREIGN POLICY INTEREST IN PROMOTING NEW FOREIGN INVESTMENT AS MEANS FOR DEMONSTRATING CONTINUING U.S. INTEREST AND CONCERN IN THE AREA. OPIC BELIEVES IT CAN BE OF ASSISTANCE AS FOLLOWS:

A. REVIEW WORK OF CHEMONICS IN PROJECT SECTORS AND INDIVIDUAL PROJECTS WITHIN EACH SECTOR. REVIEW WOULD BE MADE JOINTLY WITH AID SO PROJECT COULD BE ACCEPTED OR, AS UNCLASSIFIED

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REQUIRED, REFERRED BACK TO CHEMONICS FOR ADDITIONAL WORK.

OPIC'S REVIEW WOULD FOCUS ON WHETHER THE MATERIAL PRESENTED WAS ADEQUATE AND POINTED TO THE LIKELIHOOD THAT LEADING U.S. COMPANIES IN THE RESPECTIVE FIELDS WOULD CONSIDER THEM WELL DONE. IN ADDITION, ANY GOT BARRIERS TO PROJECT SUCCESS WILL HAVE TO BE RESOLVED OR AT LEAST RESOLVABLE IF THERE IS

U.S. INVESTOR INTEREST; AND CLEAR EVIDENCE OF HIGH LEVEL GOT SUPPORT FOR PROJECTS AND U.S. INVESTMENT IN THEM WILL BE IMPORTANT TO ANY SUBSEQUENT APPROACH BY OPIC TO U.S. FIRMS.

B. PRESENT THE PROJECT TO POTENTIAL U.S. INVESTING FIRMS BY MAKING DIRECT APPROACHES TO CHIEF EXECUTIVES OF SELECTED COMPANIES OR, ALTERNATIVELY, BY PUBLICATION; OPIC MAY WANT SOME OF THESE COSTS COVERED BY BOI.

C. STATE A WILLINGNESS TO PARTICIPATE IN FINANCING, AS WELL AS TO PROVIDE INVESTMENT INSURANCE, ON THOSE PROJECTS WHICH MEET OPIC CRITERIA AND WHICH WOULD NOT POSE SPECIFIC POLITICAL PROBLEMS, I.E., UNACCEPTABLE COMPETITION WITH U.S. EXPORTS.

2. IT IS UNLIKELY THAT THE AGRIBUSINESS COUNCIL WILL WANT TO OFFER ITS PARTICIPATION AT THIS TIME. THE COUNCIL IS NOW ENGAGED IN PROGRAMS IN FOUR SELECTED COUNTRIES AND IS RELUCTANT TO CONSIDER ANYTHING NEW FOR THE NEXT FEW MONTHS. COUNCIL WOULD UNDOUBTEDLY REQUEST FINANCIAL ASSISTANCE SHOULD IT AGREE TO COMMIT ITS RESOURCES IN IDENTIFYING AND PRESENTING THE PROJECTS TO POTENTIAL INVESTORS.

3. OPIC, AID, STATE DISCUSSION POSSIBLE OPIC ASSISTANCE REVEALED CONTINUING UNEASINESS RE OVERALL GOT POLICY ON PRIVATE FOREIGN INVESTMENT. DESPITE REPEATED GOVERNMENT ANNOUNCEMENTS IN SUPPORT OF NEW INVESTMENT, REPORTS OF PRICE CONTROLS, BUREAUCRATIC DELAYS, AND CONTINUING INSTABILITY DISCOURAGE POTENTIAL INVESTORS WHO HAVE NOT UNCLASSIFIED

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YET RECOVERED FROM THE DOMINO TRAUMA. APPARENT UNWILLINGNESS INVESTORS TO AGREE ON CAPITAL EXPANSION OF EXISTING, PROFITABLE ENTERPRISES REFLECTS GENERAL UNEASINESS. THERE IS AGREEMENT THAT GOT MUST TAKE MORE ACTIVE EFFORT TO REMOVE DISINCENTIVES TO NEW INVESTMENT AND TO BRING NEW OPPORTUNITIES TO THE ATTENTION OF POTENTIAL INVESTORS. WHILE OPIC IS PREPARED TO BE OF ASSISTANCE THROUGH INSURANCE AND FINANCING IF U.S. INVESTORS BRING PROJECT PROPOSALS TO OPIC, LATTER RELUCTANT TO PROMOTE THE THAI INVESTMENT CLIMATE AS FAVORABLE.

IT IS GOT/BOI WHICH MUST CONFRONT REALISTICALLY CONTINUING NEGATIVE RISK PERCEPTIONS AFFECTING FLOW OF PRIVATE INVESTMENT CAPITAL.

4. OPIC PLANS TO REMOVE PRESENT ANNUAL DOLLAR CEILING ON INSURANCE IN THAILAND AND SUBJECT TO THE ABOVE IS PREPARED TO WORK WITH BOI ON INVESTMENT PROMOTION ACTIVITIES IN U.S. IFC HAS ALSO INDICATED INTEREST IN PARTICIPATING IN NEW

INVESTMENTS IN THAILAND BROUGHT TO THEM BY INVESTORS.
OPIC WILLING TO CONSIDER POSSIBLE INNOVATIVE APPROACHES
PROVIDING GOT WILLING AND ABLE TO CREATE NECESSARY CONDI-
TIONS. WOULD WELCOME YOUR COMMENT. VANCE

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Message Attributes

Automatic Decaptioning: X
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Document Unique ID: 00
Drafter: AMKRAMISH:MAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Format: TEL
From: STATE
Handling Restrictions: n/a
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